

Taiwan Business Indicators in October 2010

Press Release

Council for Economic Planning and Development

November 26, 2010

In October 2010, Taiwan Business Indicators indicated that the economy continued its steady growth. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the annualized six-month rate of change of leading index decreased 1.8 points, the trend-adjusted coincident index decreased by 0.2% from the previous month, and the overall monitoring indicator flashed the "yellow-red" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 117.2, down by 0.4% from September. Its annualized six-month rate of change declined by 1.8 points to 0.3%, decreasing for the eleventh consecutive month. Among the seven indicators making up the trend-adjusted index, SEMI book-to-bill ratio, index of producer's inventory for manufacturing, index of export orders, average monthly overtime in industry and services, building permits, and real monetary aggregates M1B had negative cyclical movements from previous month. Stock price index had positive cyclical movement from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 124.0, up by 0.5% from September. Its trend-adjusted index decreased by 0.2% to 106.1. Among the seven indicators making up the trend-adjusted index, the real customs-cleared exports, industrial production index, index of producer's shipment for manufacturing, electric power consumption, and real imports of machineries and electrical equipments had negative cyclical movements from previous month. The nonagricultural employment and sales index of wholesale, retail, and food services had positive cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 124.8, up by 1.9% from September. Its trend-adjusted index rose by

1.2% to 106.8, increasing for the thirteenth consecutive month. All the six indicators making up the trend-adjusted index had positive cyclical movements from previous month.

4. The Monitoring Indicators: The total score in October was down by 3 points to 34. The overall light signal flashed the "yellow-red" signal for the second consecutive month. Among the nine components, monetary aggregates M1B, nonagricultural employment and imports of machineries, electrical equipments each lost one point and changed their individual light signals. The light signals for the rest of six components remained unchanged.

~~ The next release is scheduled for December 27, 2010 ~~

Leading Indicators

Seasonally adjusted

	2010						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	119.0	119.0	118.8	118.4	118.1	117.7	117.2
Change from preceding month (%)	0.3	0.0	-0.2	-0.3	-0.3	-0.3	-0.4
Annualized 6-month rate of change (%)	18.2	14.1	10.3	7.0	4.3	2.0	0.3
Change from preceding month (point)	-4.2	-4.1	-3.8	-3.3	-2.7	-2.2	-1.8
Components							
Index of export orders (2006=100)	132.9	137.1	136.4	133.9	136.9	135.4	134.3
Real monetary aggregates M1B (NT\$ billion)	10,022	10,059	10,143	10,258	10,421	10,547	10,563
Stock price index(1966=100)	8,052	7,526	7,383	7,639	7,884	8,040	8,210
Index of producer's Inventory for manufacturing*(2006=100)	102.7	107.0	109.4	111.6	112.9	112.3	113.1 _p
Average monthly overtime in industry and services (hours/month)	9.1	9.0	9.4	9.1	8.9	8.7	8.9 _p
Building Permits ** (1,000m2)	2,100	2,395	2,283	1,993	2,231	2,276	2,239
SEMI Book-to-Bill Ratio	1.13	1.13	1.18	1.23	1.17	1.03	0.98

Note : 1. p=Preliminary.

2. * This series is inverted while aggregating composite leading index.

** Including only housing, mercantile, business and service, industry warehousing.

Coincident Indicators

Seasonally adjusted

Seasonally adjusted	2010						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	119.2	120.4	121.3	122.1	122.8	123.4	124.0
Change from preceding month (%)	1.2	1.0	0.8	0.7	0.6	0.5	0.5
Trend adjusted index	106.2	106.6	106.6	106.6	106.5	106.3	106.1
Change from preceding month (%)	0.5	0.3	0.1	0.0	-0.1	-0.2	-0.2
Components							
Industrial production index(2006=100)	120.7	120.8	121.0	120.4	121.6	118.1	122.9
Electric power consumption (billion kWh)	10.94	11.33	10.82	11.32	11.07	11.27	11.18
Index of producer's shipment for manufacturing (2006=100)	120.9	123.0	121.9	121.7	123.7	121.3	124.0 _p
Sales index of wholesale, retail, and food services (2006=100)	105.7	107.5	108.4	109.3	109.2	109.4	110.5
Nonagricultural employment (1,000)	9,891	9,917	9,944	9,973	9,980	9,989	10,005
Real customs-cleared exports (NT\$ billion)	729.1	791.2	747.9	770.1	761.4	746.5	750.6
Real machineries and electrical equipments imports (NT\$ billion)	267.6	274.3	256.5	271.6	277.5	282.4	277.0

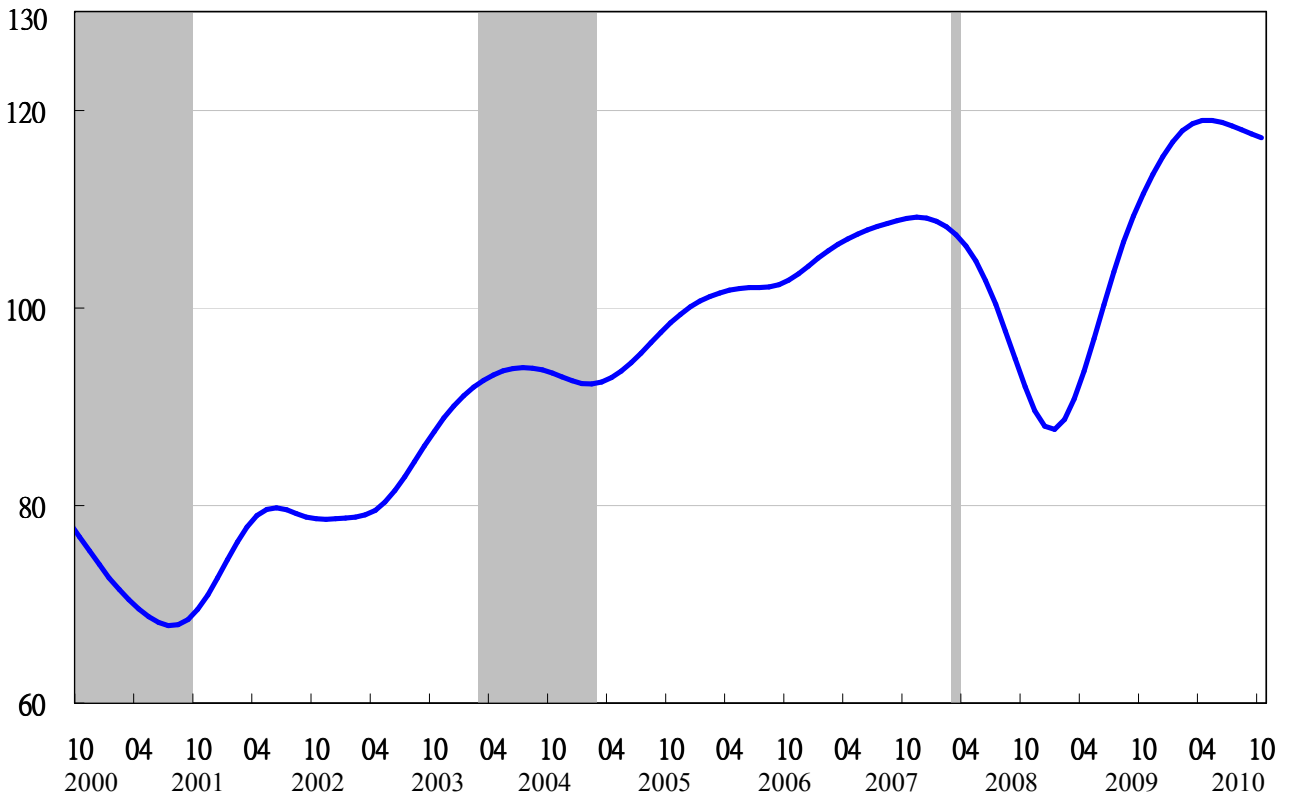
Lagging Indicators

Seasonally adjusted

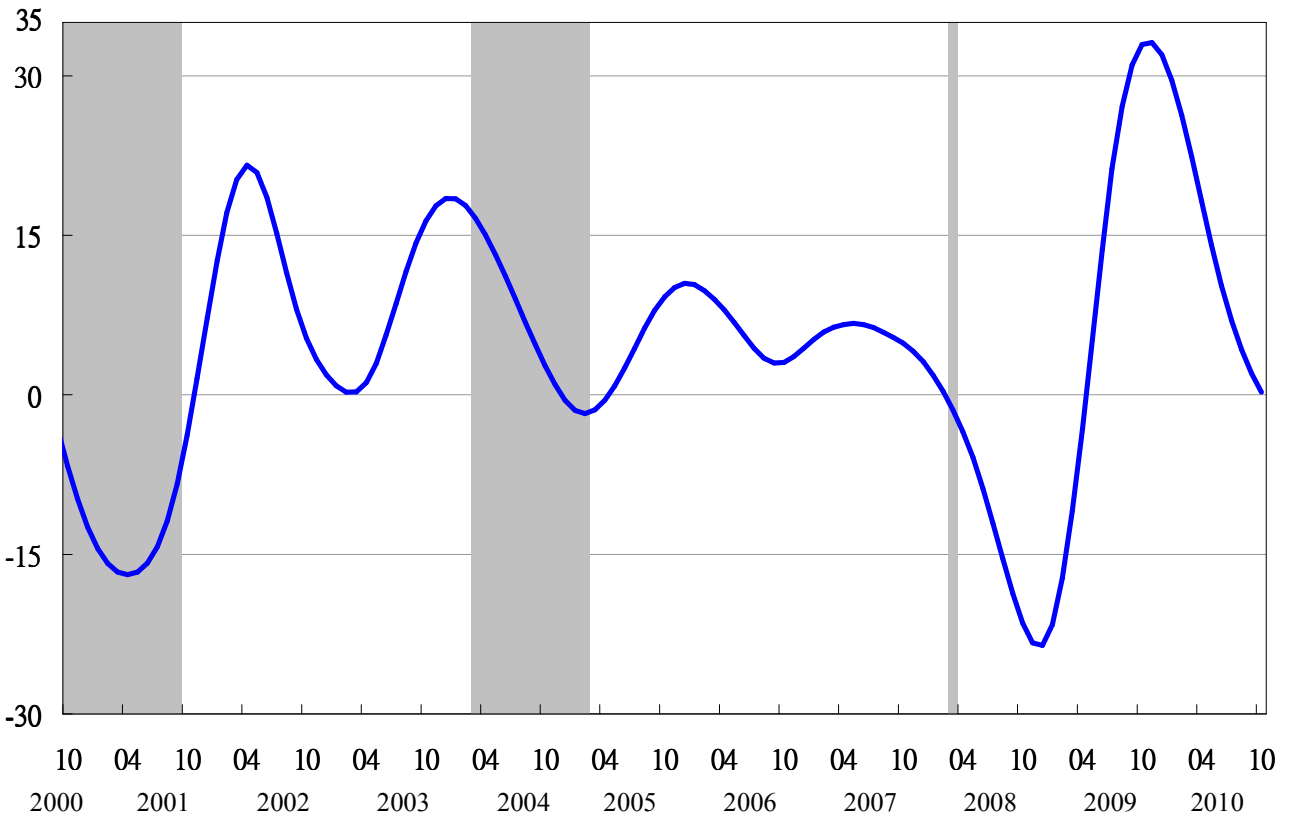
	2010						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	109.4	112.1	114.9	117.5	120.0	122.4	124.8
Change from preceding month (%)	2.5	2.5	2.4	2.3	2.1	2.0	1.9
Trend adjusted index	97.5	99.2	101.0	102.6	104.1	105.5	106.8
Change from preceding month (%)	1.8	1.8	1.8	1.6	1.4	1.3	1.2
Components							
Unemployment rate** (%)	5.43	5.22	5.20	5.17	5.11	5.08	4.96
Regular employees on payrolls in industry & services (Thousand persons)	6,422	6,445	6,449	6,477	6,486	6,503	6,518 _p
The manufacturing unit output labor cost index (index 2006=100)	81.2	79.4	82.0	81.0	80.5	82.4	79.3 _p
Interbank overnight call-loan rate (percent per annum)	0.164	0.174	0.183	0.196	0.203	0.210	0.226
Loans and investments of major financial institutions (NT\$ billion)	21,668	21,798	21,900	22,057	22,260	22,193	22,390
Inventories to sales ratio for manufacturing (%)	57.85	59.54	62.50	63.39	62.33	61.60	62.24 _p

Note : ** This series is inverted while aggregating composite lagging index.

Composite Leading Index

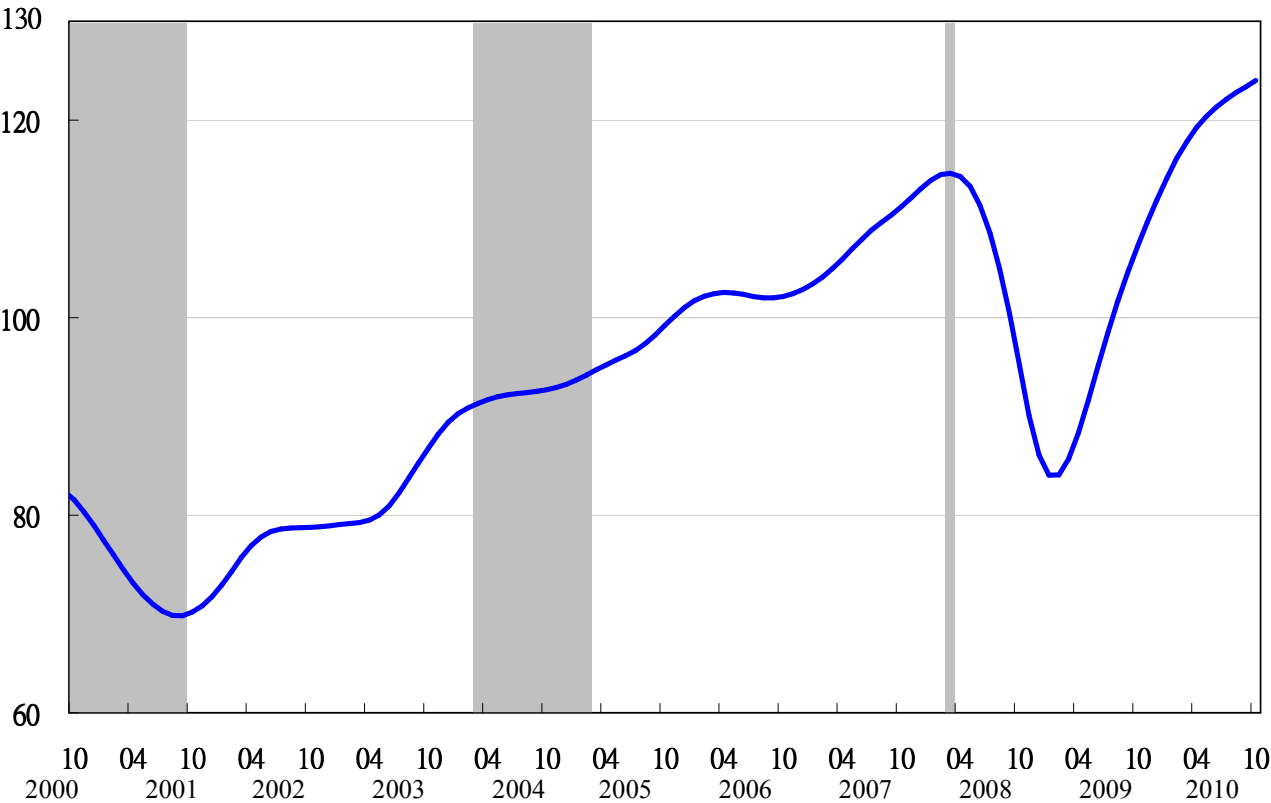


Annualized 6-month rate of change of composite leading index

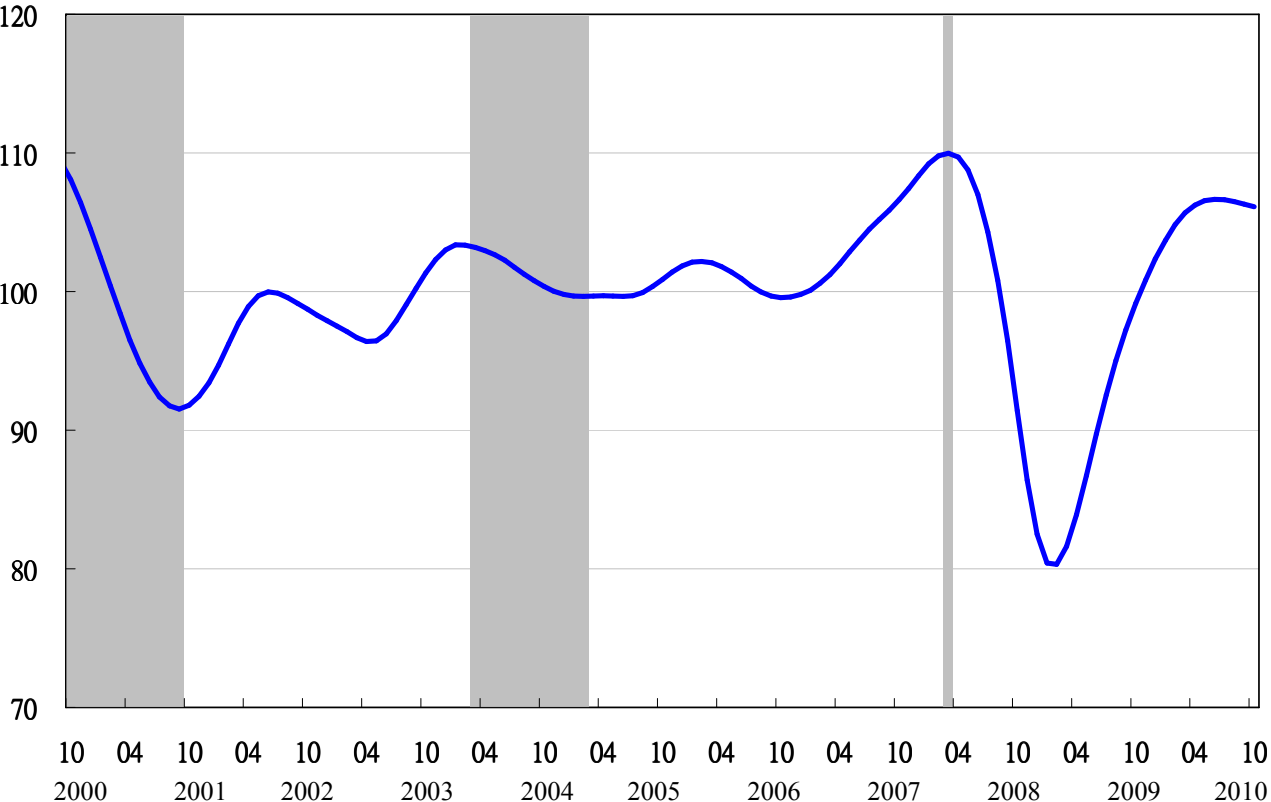


Shaded areas represent recessions.

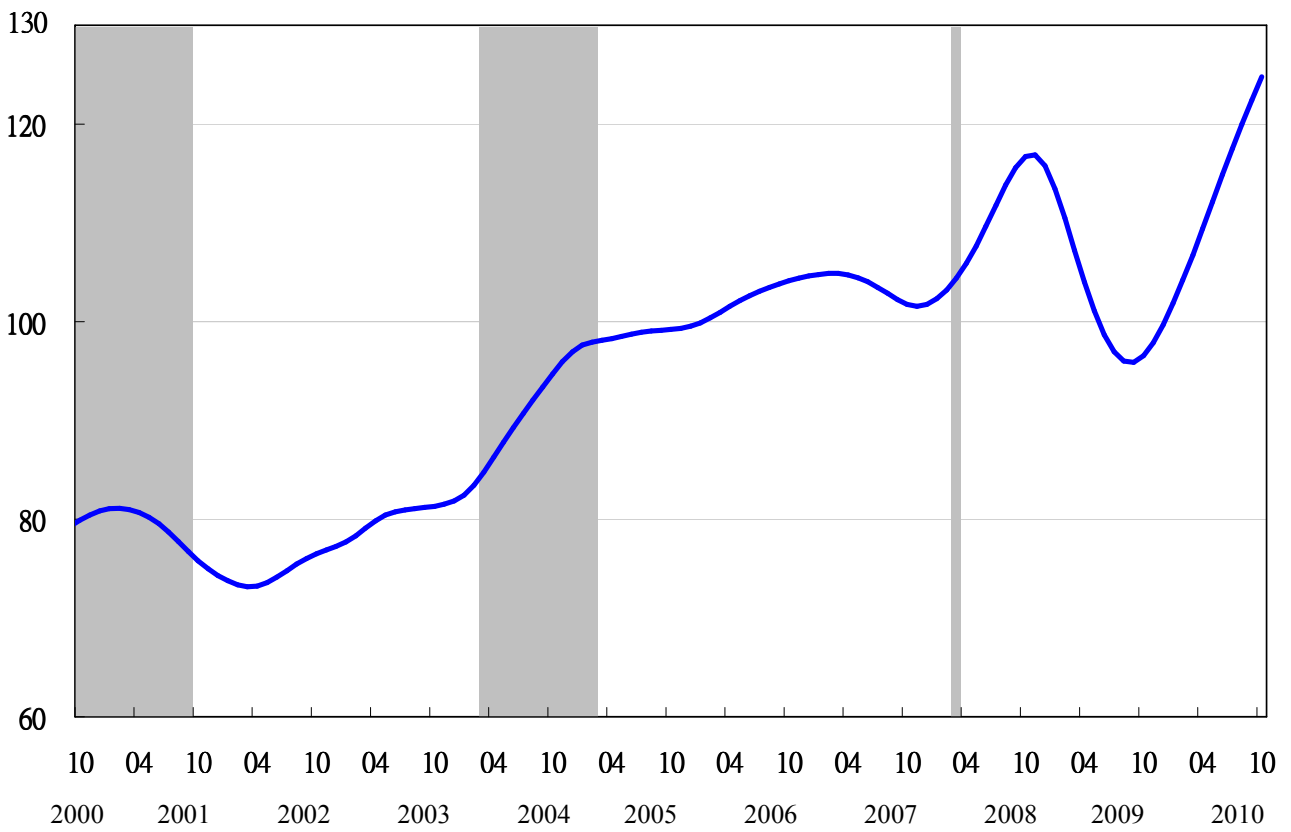
Composite Coincident Index



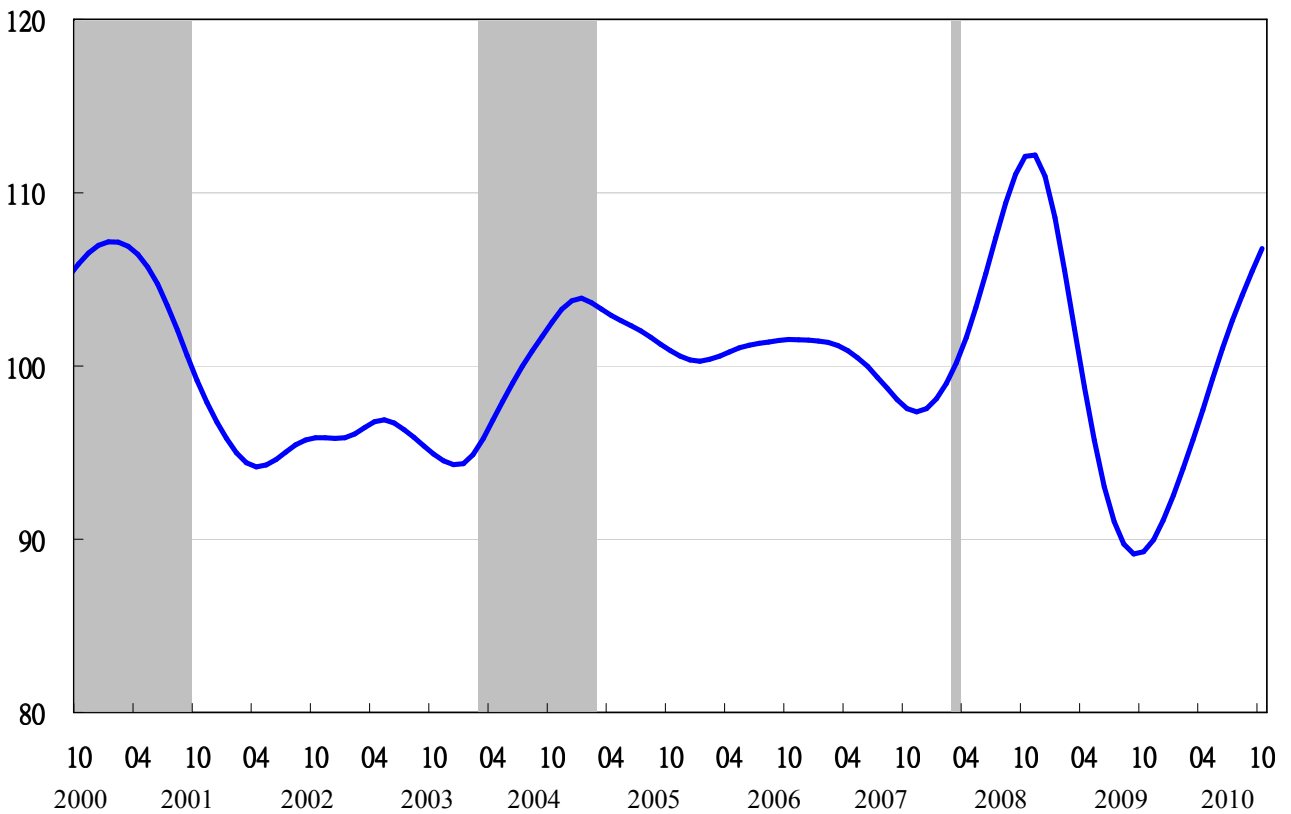
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

		2009			2010										
		10	11	12	1	2	3	4	5	6	7	8	9	10	
Total	Light														
	Score	26	37	37	38	38	39	39	37	37	38	38	37	34	
Monetary Aggregates M1B															9.9
Direct and Indirect Finance															4.4
Stock Price Index															8.2
Industrial Production Index															15.7
Nonagricultural Employment															2.57
Exports															15.5
Imports of Machinery and Electrical Equipment															22.6
Manufacturing Sales															20.2 _p
Wholesale, Retail and Food Services Sales															3.8

● Booming
 ● Transitional
 ● Stable
 ● Transitional
 ▼ Sluggish

*Components are in terms of percentage changes over 1-year span. All components, except stock price index, have been seasonally adjusted.